

AMENDED IN SENATE JUNE 4, 2007

AMENDED IN SENATE MAY 16, 2007

AMENDED IN SENATE APRIL 10, 2007

SENATE BILL

No. 716

Introduced by Senator Perata

February 23, 2007

An act to add Section 14528 to the Government Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SB 716, as amended, Perata. Transit operators.

Existing law, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B in the November 2006 general election, establishes the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 in the State Treasury. \$3.6 billion of the moneys in the fund are required to be deposited in the Public Transportation Modernization, Improvement, and Service Enhancement Account to be made available, upon appropriation by the Legislature, to transportation agencies for transit capital projects pursuant to a specified formula.

This bill would specify the requirements for an eligible project sponsor, as defined, to receive an allocation of funds appropriated from the account. The bill would require the California Transportation Commission and the Controller to administer these provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) On November 7, 2006, the people of the State of California
4 approved Proposition 1B, the Highway Safety, Traffic Reduction,
5 Air Quality, and Port Security Act of 2006, which authorized the
6 issuance of \$19.925 billion in general obligation bonds to invest
7 in high-priority improvements to the state's transportation system
8 and to finance strategies to improve the state's air quality.

9 (b) Among the high-priority programs contained in Proposition
10 1B is the \$4 billion Public Transportation Modernization,
11 Improvement, and Service Enhancement Account (PTMISEA),
12 which was created to invest funds in projects of transit operators
13 in California, including rail transit, commuter rail, bus, and
14 waterborne transit operators, for rehabilitation, safety, or
15 modernization improvements, capital service enhancements or
16 expansions, new capital projects, bus rapid transit improvements,
17 or for rolling stock procurement, rehabilitation, or replacement.

18 (c) Of the funds in the account, \$3.6 billion is to be distributed
19 through a funding formula in current state law which is
20 administered by the Controller and which provides transit operators
21 and transportation planning agencies with quantifiable shares of
22 funding against which they may spend on eligible projects and
23 purposes.

24 (d) Notwithstanding the formulaic nature of the PTMISEA,
25 because the State of California will incur debt to provide bond
26 funds for investments from the account, it is in the state's interest
27 for transit operators seeking funds from the account to provide
28 data to the state agency administering the account, the Legislature,
29 and the Department of Finance, to ensure that state bond funds are
30 used for purposes consistent with the bond act and with the general
31 obligation bond law.

32 (e) Funds from the PTMISEA, created pursuant to paragraph
33 (1) of subdivision (f) of Section 8879.23 and distributed pursuant
34 to paragraph (3) of subdivision (f) of Section 8879.23 shall be
35 administered in a manner consistent with this act.

36 SEC. 2. Section 14528 is added to the Government Code, to
37 read:

1 14528. (a) Upon appropriation of funds from the Public
2 Transportation Modernization, Improvement, and Service
3 Enhancement Account (PTMISEA) pursuant to paragraph (3) of
4 subdivision (f) of Section 8879.23, the Controller shall identify
5 and develop a list of eligible project sponsors as defined in
6 paragraph (2) of subdivision (h), and the amount each is eligible
7 to receive pursuant to the formula in paragraph (3) of subdivision
8 (f) of Section 8879.23.

9 (b) Prior to seeking a disbursement of funds for an eligible
10 PTMISEA capital project, a project sponsor on the list developed
11 pursuant to subdivision (a) shall submit to the commission a
12 description of the proposed capital project it intends to fund with
13 PTMISEA funds. The description shall include all of the following:

14 (1) A summary of the proposed project, which shall describe
15 the benefit the project intends to achieve.

16 (2) The useful life of the project, which shall not be less than
17 the required useful life for capital assets pursuant to the State
18 General Obligation Bond Law (Chapter 4 (commencing with
19 Section 16720) of Part 3 of Division 4 of Title 2), specifically
20 subdivision (a) of Section 16727.

21 (3) The estimated schedule for the completion of the project.

22 (4) The total cost of the proposed project, including the
23 identification of all funding sources necessary for the project to
24 be completed.

25 (c) After receiving the information required to be submitted
26 under subdivision (b), the commission shall review the information
27 solely to determine all of the following:

28 (1) The project is consistent with the requirements for funding
29 under paragraph (1) of subdivision (f) of Section 8879.23.

30 (2) The project is a capital improvement that meets the
31 requirements of the state's general obligation bond law and has a
32 useful life consistent with paragraph (2) of subdivision (b).

33 (3) The project is, or will become, fully funded with an
34 allocation of funds from the PTMISEA, *and the funds can be*
35 *encumbered within three years of the allocation based on the*
36 *commission's review of the project's phase or schedule for*
37 *completion, as submitted by the project sponsor.*

38 (d) Upon conducting the review required in subdivision (c) and
39 determining a proposed project to be in compliance with the
40 requirements of that subdivision, the commission shall, on a

1 quarterly basis, provide the Controller with a list of projects and
2 their sponsoring agencies eligible to receive an allocation from
3 the PTMISEA.

4 (e) Upon receipt of the information required in subdivision (c),
5 the Controller's office shall commence any necessary actions to
6 allocate funds to the project sponsors on the recommended list of
7 projects, including, but not limited to, seeking the issuance of
8 bonds for that purpose. The total allocations to any one project
9 sponsor shall not exceed that project sponsor's share of funds from
10 the PTMISEA pursuant to the formula contained in paragraph (3)
11 of subdivision (f) of Section 8879.23.

12 (f) Where it deems it necessary and appropriate, the Controller's
13 office may, pursuant to Section 12410, use its authority to audit
14 the use of state bond funds on projects receiving funds under this
15 section. Each project sponsor of a project subject to an audit
16 pursuant to this subdivision shall provide any and all data requested
17 by the Controller's office in order to complete an audit initiated
18 under this subdivision. The Controller's office shall transmit copies
19 of completed audits to the commission and to the policy committees
20 of the Legislature with jurisdiction over transportation and budget
21 issues.

22 (g) The commission shall include in its annual report to the
23 Legislature, required by Section 14535, a summary of the state
24 agencies' activities related to the administration of funds from the
25 account. The summary, at a minimum, shall include a description
26 and the location of the projects funded from this account, the
27 amount of funds allocated to each project, the status of each project,
28 a description of the public benefit expected from each project, and
29 a designation of any projects that have been subject to an audit
30 under subdivision (f).

31 (h) For purposes of this section, the following terms shall have
32 the following meanings:

33 (1) "Project" means a capital improvement authorized under
34 paragraph (1) of subdivision (f) of Section 8879.23.

35 (2) "Project sponsor" means a transit operator, including a rail
36 transit, commuter rail, bus, or waterborne transit operator, eligible
37 to receive an allocation of funds under the State Transit Assistance
38 program pursuant to Sections 99314 and 99314.3 of the Public
39 Utilities Code as of the effective date of the act enacting this section
40 in the 2007–08 Regular Session of the Legislature, or a local

1 agency, including a transportation planning agency, county
2 transportation commission, or the San Diego Metropolitan Transit
3 Development Board, eligible to receive an allocation of funds
4 under the State Transit Assistance program pursuant to Section
5 99313 of the Public Utilities Code as of that date.

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